

PRESS RELEASE

[July 26, 2011]

Good Morning.

The City of Jasper has requested from its utility rate consultant, H. J. Umbaugh & Associates, assistance in reviewing the potential impact on the operations of the Jasper Municipal Utilities and utility rates by the proposed repowering of the Jasper Power Plant through the use of Miscanthus and natural gas by Jasper Clean Energy. The City wanted an outside consultant to review and confirm its prior revenue projections for the sale of utilities to the proposed Project. City Representatives recently received the report of H. J. Umbaugh & Associates, and I wanted to share with you this morning the results of that report. I will also make available a copy of the report to each of you at the conclusion of this Press Conference. This same report will also be posted on the City of Jasper's website for those Citizens interested in reviewing this report in more detail.

Review by H. J. Umbaugh

City Representatives asked its outside consultant, H. J. Umbaugh & Associates, to review the following:

1. Confirm and calculate the potential revenue from the sale of utilities to the Project.
2. Determine the impact the Project would have on utility rates for City utility customers; and
3. Determine the financial impact of the proposed change in operation of the Power Plant from the Jasper Municipal Utilities to Jasper Clean Energy.

Impact of Project on Utility Revenues

H. J. Umbaugh has calculated in its report that the estimated increase in net revenues (profits) to the Jasper Municipal Utilities Department for the sale of sanitary sewer services to the Project will be slightly more than \$18,000 annually.

H. J. Umbaugh has calculated in its report that the estimated increase in net revenues (profits) to the Jasper Municipal Utilities Department for the sale of water to the Project will be slightly more than \$450,000 annually. This amount is significantly higher than the City's original estimate.

In sum, Jasper Municipal Utilities would receive additional income in the estimated amount of \$475,000 annually. Over the expected 20 year term of the lease for the proposed Project, the additional estimated net revenue (profit) from the sale of water and sanitary sewer utilities is \$9.5 Million (which does not include any inflationary increases).

The City of Jasper also expects to receive additional incremental revenue from the sale of electricity and natural gas to the Project.

Impact to City Utility Customers

H. J. Umbaugh's report identifies that the additional revenue to the Jasper Municipal Utilities will have a positive impact on the operation of the City utilities and will be favorable for the utility customers of the City of Jasper. The additional revenue will help to keep utility rates lower and will reduce the need for future rate increases.

Impact of the Change in Operation of the Power Plant

In its report, H. J. Umbaugh calculates that the change in the operation of the Power Plant from the City of Jasper to Jasper Clean Energy under the proposed Lease would have a positive net impact on the revenues of the Jasper Municipal Utilities in the amount of slightly over \$1 Million annually. This impact can be attributed to both the rents to be received by the Jasper Municipal Utilities under the Lease (as we previously discussed) and to the costs savings in operating the Power Plant.

I am excited about have the opportunity to share this further positive information about the potential Project and the assistance it could provide in aiding the City's utility customers in paying their monthly utility bills. There are many people who remain concerned each month about how they will pay their regular monthly utility bills and the consequential impact utility rate increases have on their monthly and annual family budgets.

All businesses and residences need utilities to function and operate. The additional revenue that this proposed Project would provide would be significant in helping to maintain lower utility rates for both business and residential utility customers in the City of Jasper. In turn, maintaining low utility rates are important in keeping the City of Jasper as a good place to do business and an affordable place to live.

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